

Government of the District of Columbia
Executive Office of the Mayor



Office of Communications

BILL SUMMARY

SUBJECT: Bill 15-1028, Ballpark Omnibus Financing and Revenue Act of 2004

PURPOSE: The Ballpark Omnibus Financing and Revenue Act of 2004 approves Mayor's proposal to build a new baseball stadium along the Southeast Waterfront as a permanent location for the Washington Nationals major league baseball team. The legislation does the following:

- Authorizes the District to issue up to \$534.8 million in revenue bonds for the purpose of directly paying or financing the development of a new ballpark, renovations to Robert F. Kennedy Stadium for interim use by the new baseball team, and for future renovations, maintenance, and upgrades of the ballpark.
- Establishes a 4.25% additional sales tax on gross receipts from ticket sales, a 4.25% additional sales tax of gross receipts from sale of baseball merchandise. In addition the District shall collect 1/11th of the 11% gross receipts tax paid by utility providers to the District as well as an additional charge on electricity. Finally, the District shall collect a ballpark fee from businesses, ranging from \$5,500 for the smaller businesses to \$16,500 for the largest businesses; businesses that make less than \$5 million in gross receipts are exempt. The proceeds from these taxes and fees will be deposited in the Ballpark Revenue Fund to pay debt service on the bonds.
- Establishes a Community Benefit Fund to support community area priorities including recreation centers, small business development incentives, job training and readiness programs, school athletic facilities, and other worthy priorities. The fund will be supported by real property and sales tax increment revenues from the D.C. Baseball TIF area around the ballpark, in order to support up to \$450 million in bonds. Of the \$450 million, the following earmarks apply:
 - \$125 million for school construction and modernization
 - \$50 million for infrastructure improvements within the TIF area
 - \$45 million for libraries improvements
 - \$45 million of revenue from the bonds shall go to commercial development along Good Hope Road, South Capitol Street, MLK Jr. Avenue, and Minnesota Avenue corridors.

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- \$10 million for feasibility assessment for the National Capital Medical Center
 - \$5 million to DPR for capital investment in a learning and sports center facility at Fort Greble Rec Center
 - \$5 million for school-based athletics based upon DCPS needs
 - \$5 million for projects in Ward 6
 - \$5 million for projects in Ward 7
 - \$2 million for McKinley Tech High School
- Ensures that all contracts entered into by the District with respect to the ballpark comply with the District's LSDBE and First Source Employment laws. Mayor is required to take measures needed to assure that at least 50% of work under such contracts are awarded to LSDBEs. Mayor is also required to ensure that contracts comply with apprenticeship requirements, where 50% of all apprenticeship hours performed are performed by District residents. Mayor will also encourage baseball franchise owner to enter into broadcast media rights agreements with LSDBEs.
 - Requires Mayor to seek private financing for the ballpark. The CFO will seek submission of proposals, establish criteria for evaluating the proposals, conduct evaluations, and report to the Council on submissions. If CFO finds that at least one proposal meets the criteria and certifies that at least 50% of the cost of constructing ballpark can be financed privately, Mayor is required to submit legislation to replace public financing with proposed private funds, provided that this does not violate the underlying obligations and economics of the agreement with Major League Baseball.
 - Requires CFO to re-estimate land acquisition and infrastructure costs prior to May 15, 2005. If the re-estimate comes in above \$165 million (\$50 million over the CFO original estimate of \$115 million), then the Southeast Waterfront site will be deemed financially unavailable. Mayor will be required to seek less costly site, subject to approval by the baseball franchise owners.
 - Provides for a Construction Administration Agreement to implement risk management and reduce the liability and cost exposure of the Sports and Entertainment Commission as well as the District government. The baseball team will share insurance costs; be entitled only to insurance proceeds for compensatory damages owed due to *force majeure*; be subject to compensatory damages that can be offset by license fees for the use of RFK stadium during the first 12 months following a missed deadline and limited to \$19 million with regard to the second 12 months following the missed deadline.

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